

other market disruptions. Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 1 to the proposed rule change on an accelerated basis.

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1 to the rule proposal. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-96-01 and should be submitted by October 11, 1996.

#### V. Conclusion

Based on the above, the Commission believes that the proposed rule changes will serve to provide market participants with greater flexibility without significantly increasing concerns regarding intermarket manipulations or disruptions of either the options market or the underlying stock market.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>64</sup> that the proposed rule change (SR-CBOE-96-01), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>65</sup>

Jonathan G. Katz,  
Secretary.

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[Release No. 34-37680]; File No. SR-CBOE-96-48]

#### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change Relating to the Consolidation of Minor Rule Violation Cases Involving the Same or a Related Transaction or Occurrence

September 13, 1996.

On July 10, 1996, the Chicago Board Options Exchange, Incorporated ("CBOE") submitted a proposed rule change to the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> to permit the consolidation of, into one hearing, the review of certain conduct involving trading conduct or decorum fines levied against different members of CBOE and involving the same or related transaction or occurrence.

Notice of the proposal together with its terms of substance was given by the issuance of a Commission release<sup>3</sup> and by publication in the Federal Register.<sup>4</sup> No comments were received regarding the proposal. The rule change will save CBOE time and staff resources. Additionally, it will be less burdensome on the individuals involved, who under the previous rules often had to appear at multiple hearings, either as a subject or as a witness. The Commission finds that the proposal rule change is consistent with the requirements of the Act and the rules thereunder applicable and, in particular, the requirements of Section 6<sup>5</sup> and the rules thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change be, and hereby is approved.

For the Commission, by the Division of Market Regulation pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz,  
Secretary.

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[Release No. 34-37688; File No. SR-Phlx-96-39]

#### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Selective Quoting Facility for Foreign Currency Options

September 16, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on August 20, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule as described in Item I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to amend the foreign currency option ("FCO") Selective Quoting Facility ("SQF"), embodied in Rule 1012, Commentary .04 and Floor Procedure Advice ("Advice") F-18, FCO Expiration Months and Strike Prices—Selective Quoting Facility, to designate two in-the-money strikes and six out-of-the-money strikes for both puts and calls as active.

The SQF establishes criteria to determine whether the bid/ask quotation for each FCO series is eligible for transmission to the Options Price Reporting Authority ("OPRA") for off-floor dissemination to securities data vendors. Currently, the SQF, a feature of the Exchange's Auto-Quote system, categorizes certain FCO strikes as "non-update" or "inactive" strikes, which are disseminated with the OPRA indicator "I" and zeroes (e.g., 000-000), in lieu of a market. In contrast, "update" or "active" strikes include, at minimum: (1) Around-the-money strikes in near-term American style options, and (2) strikes with open interest that have traded within the previous five days. Around-the-money strikes were recently<sup>1</sup> defined as those with an approximate 10, 20, 30, 40 and 50 delta.<sup>2</sup> Active strikes may also be added at the initiative of the Exchange or in

<sup>1</sup> 15 U.S.C. § 78s(b).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 37456 (July 19, 1996).

<sup>4</sup> 61 FR 40053 (July 31, 1996).

<sup>5</sup> 15 U.S.C. § 78.

<sup>1</sup> Securities Exchange Act Release No. 36636 (December 26, 1995) (File No. SR-Phlx-95-62).

<sup>2</sup> "Delta" is a measure of how much an option premium changes in relation to changes in the underlying. For example, a 50 delta represents that for every one point move in the spot price of an underlying foreign currency, the option moves 1/2.

<sup>64</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>65</sup> 17 CFR 200.30-3(a)(12).